

DEMOCRACY NETWORK HUNGARY

**FIRST QUARTERLY REPORT
FOR
JULY 12, 1995 - SEPTEMBER 30, 1995**

SUBMITTED BY UNITED WAY INTERNATIONAL

TABLE OF CONTENTS

I. Introduction

II. Summary of Achievements

III. Administration

Staffing

In Country Office Set-Up

Proposed Activities for Next Quarter

IV. Grants

Objectives

Application Process

Grant Guidelines

Proposed Activities for Next Quarter

V. Training and Technical Assistance

Sub-Agreement with Training Organization

Training Plan

Proposed Activities for Next Quarter

VI. Networking

Establishment of New United Way Affiliates

Meetings and Seminars

Proposed Activities for Next Quarter

VII. Appendix

Financial Status Report

Federal Cash Transactions Report

I. Introduction

The Democracy Network Program Grant in Hungary was awarded to United Way International (UWI) on July 10, 1995, with an effective date of July 10, 1995. UWI signed Cooperative Agreement DHR-0032-A-00-5065-00 on July 12, 1995 with the Agency for International Development.

At the end of July, the President and Vice President of UWI flew to Hungary to interview Hungarian candidates to head the Democracy Network Program in Hungary (DNH), to discuss the program with the AID Mission, and to meet with potential cooperating organizations. In the beginning of September, the Vice President returned to finalize the decision on the Project Manager for the DNH. Three weeks later the Vice President accompanied the newly hired, Washington-based, UWI Project Officer for the grant to Hungary to introduce her to the AID Mission, to members of the Democracy Commission, and to potential Hungarian collaborators. At the same time, the trip afforded the Project Officer and the newly appointed Hungarian Project Manager the opportunity to begin working together on a workplan and a strategy for the first twelve months of the DNH Program.

UWI's intense activity during the very early days of the grant was intended to establish quickly a foundation for the DNH Program. This was done to ensure that program activities would start immediately and be run by a highly qualified team working in close coordination. UWI's Hungarian Project Manager is a sociologist and former highly placed government official from the Ministry of Welfare who has been working with the fledgling Hungarian non-profit sector since its inception. The Washington-based Project Officer has worked with a wide range of non-profit organizations both in the United States and overseas. She recently completed a pilot project on non-profit development in northern Hungary for the Paris-based Organization for Economic Cooperation and Development.

Since early September, DNH and UWI staff have devoted themselves to refining the Democracy Network Program work schedule and plan for program activities. They have also worked to establish the in-country office and to systematize communication, reporting and other administrative arrangements between DNH and UWI.

The primary long-term goal of the DNH program is to create, support and strengthen self-sustaining NGOs which will promote democratic development at both the local and national level in Hungary. DNH's target objectives are:

- Establish an NGO Advisory and Cooperative Group which "survives" the program and is able to draw on its own resources
- Improve cooperation and communication between NGOs and local governments
- Gain the cooperation of the for-profit sector in helping to develop and support the non-profit sector
- Develop NGO fundraising capabilities and self-sustainability

- Develop and improve information systems which can serve to increase public knowledge about the non-profit sector and which may be used by the non-profit sector itself
- Influence economic legislation and state regulation affecting the non-profit sector
- Increase the skills and knowledge of professionals and experts working in the non-profit field
- Support innovations in the non-profit sector
- Establish new NGOs, especially in the Democracy Network priority areas: democracy, social safety net, economic growth, and environment

In order to accomplish these objectives, work on the Democracy Network Program has been and will continue to be based on three pillars: Grants, Training and Technical Assistance, and Networking. The following report is organized around these three themes.

II. Summary of Achievements

In the first quarter of operations, UWI took the initial steps to begin activity under the grant:

- UWI hired a Washington-based Project Officer as well as a Hungarian Project Manager to run the DNH office in Budapest. The Project Manager hired a Program Assistant and advertised for other key staff positions.
- The DNH Project Manager rented temporary office space in September and located permanent office space for the period starting October 1. Computers and other essential office machines were ordered and delivered; repairs and installation of phone and fax lines were scheduled.
- The DNH Project Manager took the first steps toward registering the DNH office as a non-profit organization. (This process has taken longer than originally expected because the preferred form of registration, as a representative office of a foreign organization, was not applicable to the DNH office.)
- The DNH /UWI staff began to develop the six-month workplan due to AID Budapest on October 15.

The DNH Project Manager began to meet with practitioners, academics, and others knowledgeable about the non-profit sector in Hungary to discuss the small grants and training elements of the program. Meetings were held with AID, the Non-Profit Research Group, the Hungarian Red Cross, the Hungarian Foundation Center, the Non-Profit Foundation, the National Forum Foundation, and others. DNH organized the first meeting of an on-going, informal group of advisors who will meet periodically to advise DNH on strategy and programming. DNH also began to develop the idea of having regional meetings prior to initiating training or small grants programs. These regional meetings (“community needs assessments”) will enable DNH /UWI to work with local people to determine how to administer the grants and training elements to be of most use

to their recipients. Based on input from these and other meetings, DNH/UWI developed guidelines for the grant application procedure and criteria for judging proposals.

DNH/UWI also met with potential sub-grantees United Way Hungary (UWH) and Civil Society Development Program (CSDP) to discuss terms and arrangements for cooperation under the grant. UWH cooperation will include support to the three new UWI affiliates to be established under the grant, provision of trainers and other resources for training sessions, and participation of UWH affiliate representatives at regional community needs assessment meetings. Discussions with the other potential sub-grantee, CSDP, have not been able to resolve differences over how UWI should manage its relationship with CSDP. The lack of resolution of this issue has delayed development of the training program, and made final budget allocations impossible to determine.

III. Office

1. Staff:

Budapest Project Manager starts work September 4, 1995
Budapest Project Assistant starts work September 14, 1995
Advertisements are placed in newspaper for other staff positions
Washington Project Officer starts work September 11, 1995

2. Office space:

Temporary office space is rented for September, 1995
Permanent office space is located, rent is paid for six months starting
October 1, 1995
Computer equipment is delivered September, 1995
Repairs and installation are scheduled for permanent office

3. Administration:

Financial reporting system is established
Budget is discussed and revised

4. Registration:

After researching different options for registering the DNH office, DNH/UWI determine that the DNH office is not eligible to register as a foreign representative office of UWI. DNH/UWI decide to register DNH office as a foundation, requiring additional time as board members have to be nominated and accepted.

5. Proposed Activities for Next Quarter:

Hire full complement of staff for DNH office
Submit and complete workplan for DNH
Finalize budget, depending on conclusion of negotiations with CSDP
Complete filing for registration of DNH Foundation

IV. Grants

1. Objectives:

DNH/UWI staff defined objectives for the grant program, including transparency of the selection process, geographic diversity of the grantees, support to projects linked with local government and business, and strengthening the NGO sector as a whole.

2. Application Process:

DNH/UWI staff developed a set of steps for the grant application process with a timeline for DNH implementation. DNH/UWI outlined which organizations will be eligible for grants, what information such organizations must submit, what criteria will be used to judge the proposals, who will judge the proposals, how the grants will be publicized, and when each step of the process will occur.

3. Grant Guidelines:

DNH/UWI staff created several categories of grants. First, grants will be separated by the size of the applying organization: larger, well established organizations, medium-sized organizations, and smaller, younger organizations. Secondly, there will be three major categories of grants: Project Grants, Operational Grants, and Technical Assistance Grants. Project grants will include sectoral projects, information activities, and community foundation activities. Operational grants will include equipment grants and limited grants for capital development. Technical assistance grants will include support for participation in training courses, or provision of specialized advisors and consultants.

4. Proposed Activities for Next Quarter:

Further refine grant application process based on response to workplan from AID,
Input from advisors, and results of regional “community assessment meetings”

Publicize grants

Initiate grant application process

Establish application evaluation committee

Refine grant monitoring and evaluation criteria

V. Training and Technical Assistance

1. Sub-agreement with training organization:

Since late July 1995, UWI has been negotiating the terms of a sub-agreement for the majority of the training with CSDP. Disagreement has primarily revolved around the nature of the relationship between CSDP as sub-grantee and the UWI

as grantee. The organizations do not strongly differ on the nature of the training that should be provided, nor on other technical questions relating to training such as evaluation of training sessions by participants. The inability to successfully conclude the negotiations has adversely affected UWI's ability to fully develop the training program, in turn delaying UWI in its efforts to define its overall program and to finalize the DNH budget. UWI and CSDP continue to negotiate. UWI expects to resolve this issue in the early part of the second quarter of the grant's operation.

2. Training Plan:

Within the constraints described above, DNH/UWI have delimited the outlines of a training plan. Principal objectives, such as that training should be tailored to the level of development that Hungarian NGOs have currently achieved, while also taking into account potential needs as the NGOs grow, were established. With input from CSDP, a list of the basic courses that will constitute the main body of the training was developed, along with a list of more targeted courses for NGOs with very specific needs. Potential training participants were also identified. DNH/UWI will tailor the basic training package based on the input received from the "community needs assessment" meetings.

3. Proposed Activities for Next Quarter

- Resolve outstanding issues with CSDP

- Conclude sub-agreements with CSDP and UWH

- Finalize training plan, including schedule of training dates and locations, topics to be offered, means of selecting participants, etc.

- Elaborate plans for evaluation of training sessions

- Advertise training sessions to potential client groups

- Begin training sessions

VI. Networking

1. Overall Grant Strategy

DNH/UWI view networking as an important strategic component of this grant, a means to strengthen the NGO sector while also strengthening individual NGOs. In developing the DNH workplan, UWI/DNH staff organized the training and grants programs to ensure that all grant activities would promote networking in the NGO sector in Hungary. DNH will build new networks through its regional meetings and its advisory groups, and will cooperate with UWH to expand and strengthen the existing UWH network.

2. Advisory Group and Regional Meetings

In September, DNH assembled an advisory group of 15-20 persons representing universities, local authorities and non-profit organizations

located in different regions of the country. DNH organized and held its first strategic workshop with its advisory group at the end of September. During the meeting, the advisors were invited to comment on the proposed DNH workplan, and on the strategic objectives DNH staff had developed. The advisors emphasized the importance of DNH utilizing a national network to deliver information about DNH to local non-profit organizations, and agreed to participate in creating such a network. DNH plans to hold two more strategic workshops in the next two months.

In September, DNH also began contacting representatives of local non-profits as the first step in setting up a series of community needs assessments. These meetings will serve multiple purposes: they will lay the foundation for regular communication between groups within one region as well as between the regions and Budapest; they will outline current needs among community non-profits that could be addressed by the small grants program; and they will determine how the basic training program can best be tailored to the needs of local non-profit organizations. The first such meeting is planned for Baranya county in November.

3. United Way Affiliates

DNH staff began discussions with UWH concerning the three new United Way affiliates to be funded under the provisions of the grant. DNH and UWH have selected three cities where community groups had already expressed an interest in becoming affiliated with the United Way of Hungary. The cities are; Tatabanya, Budapest, and Szekszard. The first one, the Tatabanya United Way, will be initiated in November 1995.

4. Proposed Activities for Next Quarter

Hold additional strategic workshops on small grants program management
Hold initial community needs assessments in two-three communities
Finalize discussions between UWH and DNH/UWI concerning new

United

Way affiliates

Establish United Way of Tatabanya

Appendix